GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1612
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FUNCTIONAL AUTONOMY TO RRBS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has decided to provide functional autonomy to Regional Rural Banks in the country; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b) The Reserve Bank of India (RBI) had constituted a `Task Force on Empowering RRB Boards for Operational Efficiency` in September 2006 under the Chairmanship of Dr. K.G.Karmakar, Managing Director of National Bank for Agriculture and Rural Development (NABARD). The Task Force submitted its Report to RBI on 31.1.2007. The major recommendations of the Task Force, inter-alia, relate to (i) increase in number of directors on the Board of RRBs for large-sized banks,(ii) selection of Chairmen on merit from a panel of qualifying officers, (iii) fixing a minimum period for appointment of Chairman, (iv) constitution of committees as may be required for efficient Performance of the Banks, (v) Development of new products by RRBs to increase their income,
(vi) extension of capital adequacy (CRAR) norms to RRBs, (vii) examination of staffing norms, re-categorization of branches, etc. by a separate Committee, etc.